



Crowe Activity Review System™ (CARS™)

The Business Problem

Compliance departments are under pressure like never before. The number of areas that require significant effort to perform subjective, nontrivial analysis of complex activities is growing. The specific areas of focus have not changed significantly in the last decade, but the scope of what should be considered grows with each breach of public confidence. Some examples of areas where institutions are recruiting or training subject-matter experts to review and analyze activity include:

- AML suspicious activity alert reviews
- Loan approvals
- Flood reviews
- ATM and credit card disputes
- Restitution

At the same time, examiners and auditors are increasing their scrutiny on how decisions are made, looking for a structured, documented, verifiable process as well as narrative completeness and consistency. It is no longer sufficient to simply check a box, complete a form, or provide a short, nondescriptive statement of the findings. Today, organizations are expected to be able to demonstrate the process that has been followed, as well as provide documentation that supports the conclusions reached and decisions made.

As a result, businesses are incurring significant and increasing costs to implement and maintain a quality control (QC) function to validate that the activity review has been performed accurately and according to established policies and procedures. Depending on the activity, the skill and training of the individuals involved, and the system controls in place, the sample size and rigor associated with the quality review may vary.

Common Pain Points

This compliance squeeze shows up in organizations in a variety of forms. Some of the common pain points that organizations have to work through on a regular basis include:

- **A verifiable process.** Can we demonstrate that the procedures in which people are trained have been followed consistently?
- **Division of labor.** How do we divide the work and keep the right people working on the right activity?
- **Multisite coordination.** How do we distribute work across multiple locations and ensure that each location is following the same procedures?
- **Specialization.** Is it better to use generalists to deal with a broad range of activities or specialists who concentrate on target areas?

Service Overview

Financial services providers are being squeezed by the significant and increasing amount of activity requiring compliance oversight, as well as examiners' and auditors' increasing scrutiny on a consistent, documented, verifiable decision-making process.

The Crowe Activity Review System (CARS) is a patent-pending solution that will significantly reduce the cost of a financial institution's compliance activity reviews while meeting increasing examiner and auditor expectations for consistency and quality.

- **Dynamic analysis.** How do the reviewers know which process steps to follow when so many possible variants exist?
- **Follow-through.** How do we ensure that reviews are completed in a timely manner with no gaps in the process?
- **Pay grades.** Could we do this work equally as well with lower-priced resources?
- **Peak activity.** How do we deal with surges of activity when we have to perform a look-back on historical activity?

- **Integrated QC.** How do we systemically enforce quality control through workflow rather than a tedious manual process?
- **Management information.** How do we derive summarized management and operational key performance indicators?

Any situation which historically required an experienced subject matter expert to apply their unique knowledge and process to review an activity, provide a narrative of what was done, and document the conclusions reached, could leverage CARS. In essence, any time it is advantageous to move from “an art” to a documented, auditable process, CARS can help bring costs down and quality up.

- The CARS administrative workbench configures the system without requiring custom programming.
- A management dashboard to monitor all aspects of individual and team performance and quality is integrated into CARS.
- Optional desktop integration tools create seamless integrations to external systems with minimal IT involvement.

The Crowe Solution

Crowe Horwath LLP developed CARS to address these challenges. CARS allows an organization to easily model its desired activity review process using small and distinct steps of work, much like building blocks. CARS dynamically leads an analyst through the review process in order to generate a comprehensive narrative of activity and findings. It also provides support for quality control review, as well as a management dashboard that provides metrics and trending around overall review activity.

Key Features

- Dynamic forms drive the activity review process by loading and displaying review steps stemming from the responses of various pre-configured questions.
- Responses to the workflow steps generate the narrative summary.
- A quality control module manages the regulatory-mandated QC process as well as the “spot check process.”

Contact Information

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CARS Components

CARS complements an organization’s existing activity monitoring and review systems; it does not replace them.

